



# **Observatory of Fiscal Reforms and the Strengthening of Tax Administration in Latin America (2025)**

***English summary***

***Darío González***



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# 1. Introduction (Methodology)

The report details the main tax reforms of 19 Latin American countries during the 2025 fiscal year. It includes modifications to tax legislation as well as those aimed at strengthening the management of tax administrations.

The tax legislative reforms are described, covering the following aspects:

- a. Substantial** reforms that modify the foundations of the tax system and its pillars,
- b. Corrective reforms** that make important technical adjustments to existing taxes, and
- c. Reforms that grant tax benefits** (e.g., amnesties, regularizations, exemptions, exclusions, accelerated depreciation, fiscal stability, etc.).

The success of the tax system depends on the efficiency and effectiveness of the tax administration responsible for implementing it. Accordingly, regulatory changes aimed at strengthening administrative management are also highlighted, as they enable the administration to more effectively fulfill its assigned mission.

To this end, the powers granted to the administration, as well as changes in procedures, controls, and sanctions designed to optimize its performance, will be examined in order to enhance the effectiveness of the tax authority's management, including strategies to facilitate tax compliance.

This section also covers improvements in procedures aimed at strengthening taxpayers' rights and ensuring the reasonableness and objectivity of the tax authority's actions.

The Observatory Dashboard will describe the amendments on a country-by-country basis, disaggregating the information by theme and indicating the regulation that proposed or implemented each change. The status of each measure (approved, under consideration, rejected, or proposed) will be distinguished by color coding.

In the "Regulation" column, the legal instrument that approved or proposed the measure will be identified. By using "Ctrl + Click" on the corresponding hyperlink, users will be able to access the full text directly.

The Dashboard will include not only enacted laws and relevant regulations, but also bills that were rejected, shelved, or withdrawn in the legislative branch, as well as those that remain under consideration.

The rationale for including measures that did not complete the legislative approval process lies in the strategic importance attributed by the authorities to the proposed tax instruments, which may be reintroduced in the future or whose technical fiscal approach may be adopted by other countries.

With respect to measures that remain under consideration, a distinction is made between those introduced in the current fiscal year (yellow) and delayed bills whose legislative process began in prior fiscal years (red), in order to differentiate among initiatives, since the prolonged passage of time tends to weaken legislative momentum.

Below, a concise explanation of each tax measure—whether proposed or enacted—will be provided on a country-by-country basis.

From a temporal perspective, the analysis includes not only the main reforms approved during the current year, but also those that begin to be implemented in this fiscal year even if they were enacted in the previous year. It also includes notable regulations enacted this year that will enter into force in subsequent fiscal years.

Finally, it should be noted that the form of regulatory implementation varies by country. However, two general categories can be identified in the “Regulation” column of the Dashboard: (a) reforms that are largely consolidated within a single legal instrument, and (b) reforms that are normatively dispersed, whereby each measure or group of measures is proposed separately by subject matter or introduced at different points in time.

In this English-language summary, we present below the general executive summary of the tax reforms in Latin America and the Caribbean developed throughout 2025. The remainder of the document is available in the Spanish edition.



## 2. General executive summary of Latin America (2025 edition)

### 2.1 Introduction

The current fiscal year was highly active in tax matters, as evidenced by the fact that more than 243 (two hundred forty-three) significant tax measures were recorded in the region. Of these, 116 (one hundred sixteen) corresponded to tax policy and 127 (one hundred twenty-seven) to the strengthening of tax administrations).

The focus of this study was placed on the main reforms. Although the intensity varied by country, a pattern of continuous updating of tax systems and tax administration management can be observed across the region.

It should be clarified that, from a methodological standpoint, fiscal measures were analyzed thematically, regardless of whether they were enacted through a single legal instrument or several. In other words, the emphasis is placed on the measure per se, rather than on the legal instrument through which it was implemented.

In the following table, from a quantitative perspective, the main tax measures applied in Latin America during 2025 are presented:

Main Tax Measures LA 2025		
Country	TB	TA
Argentina	11	21
Bolivia	10	6
Brazil	14	11
Chile	3	4
Colombia	8	7
Costa rica	6	7
Cuba	13	5
Dominican Republic	2	7

Main Tax Measures LA 2025		
Country	TB	TA
Ecuador	2	5
El salvador	8	2
Guatemala	3	6
Honduras	1	2
Mexico	7	17
Nicaragua	2	1
Panama	1	6
Paraguay	5	4
Peru	7	9
Uruguay	7	3
Venezuela	6	4
TOTAL 243	116	127

Source: Author’s own elaboration (2025) **TB**: Tax Burden **TA**: Tax Administration

As can be seen, this year was particularly intense in Latin America with respect to tax developments, both those related to tax reforms and those aimed at strengthening tax authorities.

This is evidenced by the fact that the main reforms, grouped by country and by tax instrument (tax, regime, etc.), reached a total of 243 (two hundred forty-three) tax measures.

The analysis focused on the most significant changes, and although their intensity differed by country, there is a clear trend toward the continuous updating of both tax systems and the strengthening of tax authorities.

When compared to 2024<sup>1</sup>, a year in which 211 (two hundred eleven) changes were made to both tax legislation and tax authorities, a dynamic continuity of updating can be observed. This underscores the strong interest and high priority assigned to tax matters in the countries of the region.

<sup>1</sup> [Download it in Spanish here](#)  
See: [English Summary](#)

## 2.2 Tax System

### 2.2.1 Strategies

From a theoretical standpoint, three main strategies related to the various objectives of tax policy can generally be identified:

- 1) **increasing tax revenues, through the following techniques:** i) creating new taxes, broadening tax bases or increasing tax rates, as well as repealing or reducing tax benefits; ii) prioritizing the strengthening of tax administrations to enable improved control over tax avoidance and evasion; and iii) simplifying the tax system in order to optimize its performance.
- 2) **consolidating the existing tax system;** and/or
- 3) **reducing tax** and administrative burden in order to stimulate economic activity.

While all strategies may include elements from more than one of the components listed above, the analysis of each reform highlights, in the first instance, the characteristic that had the greatest impact and constituted the core axis of the tax policy pursued.

With respect to the depth of reforms, the following categories can also be distinguished:

- a) **substantive reforms** that modify the foundations and pillars of the tax system, both from a technical and administrative perspective.
- b) **corrective reforms** that introduce technical adjustments to existing taxes or to tax administration; and
- c) **tax relief reforms** that reduce the tax burden or enable the regularization of tax debt.

As indicated in the preceding classification, a tax reform may encompass more than one of these aspects. In such cases, it is necessary to determine the magnitude and relative importance of each component in order to fully understand its scope.

Finally, with regard to the strategies employed by tax authorities to induce tax compliance, the following core theoretical approaches are generally identified:

- a) **risk perception,**
- b) **Benefit perception,** and
- c) **cooperative compliance.**

Although tax practice has shown that an integrated approach to tax administration recognizes the validity of all these strategies, their effectiveness is maximized when they are complementary and applied according to the taxpayer segment and the sectoral behavior of the affected taxpayers.

### 2.2.2 Reforms

During the current year, seven (7) projects involving substantive reforms were proposed—that is, reforms that modify the foundations and pillars of the tax system.

Within this category, it should first be noted that four (4) countries proposed the implementation of an equitable and progressive tax system, but these initiatives were not finalized. Three (3) projects remain delayed in their respective legislative branches (Costa Rica, Honduras, and Chile), while the remaining one was rejected by Congress (Colombia). In the latter case, the government issued a legislative decree as a substitute, introducing tax measures to sustain public financing in the context of a declared economic emergency.

The other three (3) projects were approved by the legislative branches in Argentina, Brazil, and Uruguay.

In Argentina, during the current year, tax policy continued to complement the substantive tax reform approved in 2024 through the reduction or elimination of multiple taxes (export withholding duties and specific excise taxes—internal taxes), as well as through the simplification of the tax system with the creation of VAT SIMPLE and the Simplified Income Tax Regime.

With respect to tax administration, efforts continued to consolidate the limitation or repeal of multiple information-reporting regimes that had been created over time and had effectively become a “straitjacket” for the development of economic activities.

The tax criminal regime was also updated by increasing the monetary thresholds for criminal liability and the level of penalties for offenses that had been eroded by inflation.

In Brazil, the reform was structured around two main pillars. The tax policy pillar focused on reforming indirect taxation at both the national and subnational levels, with gradual implementation beginning in 2026; the introduction of the Global Minimum Corporate Tax for Large Multinational Groups (OECD Pillar 2); adjustments to the Tax on Financial Transactions; a significant increase in the personal income tax exemption threshold; the granting of enhanced benefits for micro and small exporting enterprises; the introduction of a “tax-free” regime for tourism; and the reformulation of certain rates of the Tax on Industrialized Products (IPI in Spanish).

From the perspective of strengthening tax administration, after delays in legislative consideration, the SINTONIA, CONFIA, and OEA programs were finally approved toward the end of the year. These programs aim to promote self-regulation and transparency, granting tax incentives to reward compliant taxpayers as a mechanism to encourage voluntary compliance.

In addition, the taxpayer bill of rights was implemented, cooperative dispute resolution mechanisms were introduced, and the concept of the “habitual tax debtor” was established, accompanied by the application of restrictive administrative measures.

Finally, in Uruguay, the tax reform aimed at the creation of the Domestic Top-Up Minimum Tax (OECD Pillar 2), adjustments to tax holiday incentives related to new tax residency, taxation of residents on foreign-source income, amendments to the tax on indirect transfers of assets located in the country, and the application of VAT to purchases made through foreign digital platforms.

The remaining reforms implemented during the current year, while highly significant, can be classified primarily as corrective or tax relief measures, in accordance with the classification previously described.

### 2.2.3 Global Minimum Tax Pillar 2 OECD

Among the OECD proposals, the international implementation of the [Global Minimum Tax](https://www.oecd.org/en/topics/sub-issues/global-minimum-tax.html)<sup>2</sup> stands out. This tax is based on the Global Anti-Base Erosion (GloBE) Model Rules and seeks to ensure that large multinational enterprises pay a minimum level of tax on their income in the jurisdictions where they operate. Its objective is to reduce incentives for profit shifting and to establish a floor for tax competition, thereby preventing excessive reductions in corporate income tax rates.

In the context of this new international framework, countries in the region that had traditionally granted extensive tax incentives exceeding 15 percent of the accounting profits of multinational enterprises found that, under the application of this OECD rule, such strategies lost their effectiveness as a means of stimulating investment. This is because any excess benefit would ultimately be taxed in the jurisdiction where the parent company is headquartered.

Maintaining this situation would imply a transfer of tax revenues from the local jurisdiction to the jurisdiction of the parent company’s headquarters, without providing any benefit to the multinational enterprise itself.

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<sup>2</sup> Global Minimum Tax, OECD  
<https://www.oecd.org/en/topics/sub-issues/global-minimum-tax.html>

Accordingly, for countries in the region, the adoption of the Global Minimum Tax (OECD Pillar Two) has both an active dimension—aimed at capturing tax revenues from multinational enterprises operating within their territories—and a defensive dimension, since if the host country of the investment does not collect this additional minimum tax, it will be collected by the countries where the multinational group is headquartered.

Against this backdrop, Brazil was the first country to implement, in 2024, a tax known as the “Corporate Minimum Tax on Large Multinational Groups,” which reflects the OECD Pillar Two proposal and applies a global minimum tax rate of 15 percent to corporations with consolidated revenues equal to or exceeding EUR 750 million.

Following this approach, Uruguay enacted the Domestic Top-Up Minimum Tax (DMTT) during the current fiscal year, with the same objective.

It should also be noted that Colombia, in 2023, implemented a “Minimum Tax Rate” with a 15 percent rate applied to adjusted financial income (TTD). However, this differs from the OECD Pillar Two structure, as it applies to all entities that are tax residents, regardless of their level of revenue.

## 2.2.4 Tax Incentives

With respect to the application of tax incentives to investment, during the current fiscal year notable measures were adopted in Bolivia, El Salvador, Mexico, Nicaragua, Paraguay, Uruguay, and Venezuela.

Bolivia introduced a reduction in the Corporate Income Tax on Foreign Beneficiaries (IUE–BE) for foreign companies that reinvest their profits in the country, in proportion to the percentage of profits reinvested.

El Salvador was the most active country in granting tax incentives, having established several regimes, namely:

- a)** a Special Regime to Incentivize and Facilitate High-Value Investments, which grants broad tax benefits to capital investments equal to or exceeding USD 2 billion, provided they are allocated to the development of a specific economic activity;
- b)** a Special Regime to Facilitate and Promote the Establishment of Technical and Administrative Capacity, which grants income tax benefits to investors who make new investments in the country and pay technical personnel providing services for the development of their commercial activities within national territory;

- c) a Regime for the Promotion of Innovation and Technology Manufacturing, which grants income tax benefits to taxpayers engaged in commercial activities in the designated productive sectors; and
- d) a Regime to Promote Renewable Energy, under which investments in this activity are exempt from all taxes, including income tax, VAT, and customs duties (DAI).

Mexico, through the so-called “Plan México,” implemented a tax incentive consisting of the immediate deduction of investments in new fixed assets. In addition, taxpayers may apply, in their annual tax returns for fiscal years 2025 through 2030, an additional deduction equivalent to 25 percent of the increase in training expenses incurred for each employee or of expenditures related to innovation.

For its part, Nicaragua, in order to facilitate investment, established the creation of Special Economic Zones under the Belt and Road Initiative. This initiative provides for the exemption from all taxes affecting economic activity, with the aim of attracting investments that boost the country’s economy.

Meanwhile, Paraguay restructured its tax incentive regimes by updating both the Investment Regime and the Maquila Regime.

In Uruguay, a new regulation of the General Investment Promotion Regime was enacted, granting broad benefits under the Corporate Income Tax (IRAE), the Net Worth Tax, VAT, and import duties and fees on goods.

By contrast, Venezuela focused on financial investments, exempting from income tax the gains obtained from the purchase of securities issued by the Central Bank of Venezuela (BCV).

Given the significant contribution of tourism to revenues in countries across the region, tax incentive measures were implemented through the shopping tourism regime (RTC) in Paraguay, the extension of the reduced VAT rate for tourism-related activities in Uruguay, and the introduction of a “tax-free” regime for tourism in Brazil. This regime consists of refunds of the Tax on Goods and Services (IBS) and the Contribution on Goods and Services (CBS) to non-resident visitors.

With regard to fiscal responsibility in the creation of tax incentives by the legislature, Panama established a regulatory framework through amendments to the Tax Procedures Code, requiring that any proposal to create or modify tax rules be supported by a cost–benefit analysis assessing its impact on tax revenues and the economy.

In this context, it should be recalled that Brazil enacted a rule in 2024 prohibiting the granting of tax incentives in the presence of a primary fiscal deficit.

Similarly, Cuba established the sanction of forfeiture of tax benefits in cases of non-payment of taxes.

## 2.2.5 Income Tax

Specific amendments to income tax were introduced in several countries in the region. In Argentina, the Simplified Income Tax Regime was created for individuals and undivided estates, which does not require the justification of personal consumption or assets.

Brazil significantly increased the personal income tax exemption threshold for 2026 and 2027 and also established a minimum tax on high incomes, introducing a tax on dividends beginning in fiscal year 2026.

With respect to withholding at source, Colombia amended self-withholding rates and minimum thresholds for withholding. Toward the end of the year, in the context of the economic emergency, a 15 percent surtax was applied to financial institutions. Adjustments were also introduced for hydrocarbon companies regarding the deductibility of royalties, reaffirming the general rule that such royalties are not deductible.

Costa Rica introduced regulations on deductible expenses for micro, small, and medium-sized enterprises (MSMEs), while Ecuador implemented measures concerning the distribution of profits and dividends, including dividends received from abroad and advance payments on undistributed profits.

Cuba amended its Personal Income Tax brackets, increasing the maximum marginal rate in the top bracket to 50 percent.

Regarding financial investments, Peru exempted interest and capital gains from income tax on sovereign bonds and related instruments.

Finally, in Uruguay, with respect to personal income tax on foreign-source income, all capital income was taxed when derived from non-resident entities, as well as capital gains arising from the sale of foreign assets.

As regards the taxation of indirect transfers of assets located in the country, such transfers—through the sale of shares and other equity interests in non-resident entities—are subject to IRAE, IRPF, or IRNR, depending on the taxpayer, in accordance with statutory requirements.

This anti-abuse rule initially applied only when the transferred entity was resident, domiciled, incorporated, or located in a low- or no-tax jurisdiction; following the reform, its scope was expanded to include certain non-resident entities meeting specific criteria.

In Cuba, the Tax on Idle Agricultural and Forestry Land is applied, which constitutes a tax on the potential income of land. This tax is assessed based on land classification, measured in hectares, using a fixed rate per Cuban peso (CUP).



## 2.2.6 Net Worth Tax

In the region, only three countries levy a comprehensive personal net worth tax: Argentina, Colombia, and Uruguay.

In fiscal year 2024, Argentina implemented a reform aimed at reducing the tax burden by increasing the exemption threshold and lowering tax rates, without differentiating between domestic and foreign assets<sup>3</sup>.

During the current fiscal year, and within the framework of the economic emergency, Colombia reformed this tax to increase revenue by lowering the taxable threshold (minimum exemption) to 40,000 Tax Value Units (UVT) and establishing progressive marginal rates ranging from 0.5 percent up to 5 percent for net worth exceeding 2,000,000 UVT.

In Uruguay, although the PIT-CNT<sup>4</sup> proposed the creation of a new 1 percent tax on high-net-worth individuals, this proposal was neither endorsed nor submitted by the government.

## 2.2.7 VAT

VAT is a well-established tax in the region's tax system, having been implemented since the 1960s. As a result, it has been subject to only limited adjustments, which in most cases involved the granting or removal of specific exemptions.

From a structural perspective, Brazil stands out with the creation of a dual VAT system (IBS and CBS), with gradual implementation beginning in 2026. During the current fiscal year, regulatory rules were issued to support its implementation.

In Colombia, within the framework of the economic emergency, VAT was extended to online gambling and betting (with a GGR base and a 19 percent rate). The VAT exclusion for postal traffic and express shipments was adjusted to apply only to shipments not exceeding USD 50, and VAT rates on spirits, wines, and aperitifs were increased to 19 percent as from 2026.

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<sup>3</sup> For further details, please refer to 'Observatorio de las Reformas Fiscales y el Fortalecimiento de las Administraciones Tributarias de América Latina CIAT (2024). Download it here in Spanish: <https://marketing.ciat.org/RS-ES-ORFF>  
See: English Summary

<sup>4</sup> Inter-Union Assembly of Workers - National Convention of Workers.

Regarding cross-border e-commerce platforms, Mexico increased the rate applicable to imports from 19 percent to 33.5 percent for shipments originating from countries without a trade agreement. Purchases below USD 50 remain exempt when originating from USMCA countries.

Finally, Peru, for the first time, included sports betting and online gaming as taxable transactions under the General Sales Tax Law and the Excise Tax.

### 2.2.8 Excise Tax

In line with its tax reduction policy, Argentina exempted and reduced excise taxes (referred to domestically as “impuestos internos”) on motor vehicles based on their sales value and exempted motorcycles up to a certain price threshold.

Additionally, it reduced tax rates on mobile phones and electronic goods in two stages (upon entry into force of the regulation and as of January 1, 2026): mobile phones from 6 percent to 0 percent; video game consoles from 35 percent to 20 percent; and imported mobile phones, monitors, televisions, and air conditioners from 19 percent to 9.5 percent and then to 0 percent for Tierra del Fuego.

Bolivia updated the list of products subject to the excise tax based on variations in the inflation adjustment unit.

In Brazil, excise tax rates under the Tax on Industrialized Products (IPI) were updated for biodegradable products.

In the context of the economic emergency, Colombia updated excise taxes for certain categories of goods, introducing increases and new ad valorem components.

It also implemented a Special Tax for Fiscal Stability in the hydrocarbon sector, levied at 1 percent on first sales and exports, and introduced income tax adjustments for hydrocarbon companies regarding the deductibility of royalties xxx

Costa Rica adopted two significant measures in this area. First, it reduced the tax rate on 60 basic necessity products, lowering the rate from 30 percent to 10 percent for some goods and granting full exemptions for others.

Second, with respect to electric vehicles, customs duties and excise taxes shifted from exemption to a 25 percent levy on their value.

In Mexico, an 8 percent excise tax was applied under the IEPS to services provided within national territory that allow access to or downloading of video games with violent, extreme, or adult-only content not suitable for persons under 18, whether provided by residents or non-residents.

Finally, Peru incorporated sports betting and online gaming for the first time as taxable transactions under both the General Sales Tax and the Excise Taxes.

### 2.2.9 Taxpayers with Lower Tax Capacity

In Latin American tax systems, given the existence of a large universe of small taxpayers operating in the informal economy, countries have been characterized by their creativity in implementing special regimes aimed at incorporating these taxpayers into the tax system. This, in turn, allows for more effective control of larger taxpayers.

For a comprehensive view of the scope and importance of these regimes in Latin America, reference may be made to the CIAT study [\*Special Taxation Regimes for Taxpayers with Lower Capacity: Theory and Strategies in Tax Policy and Administration in Latin America\*](#).

During fiscal year 2025, countries adopted measures both to update existing regimes and to create new ones, tailored to the specific tax realities of each country.

In this context, Argentina continued expanding the Monotax (Monotributo) under the Single Tax System, through an agreement integrating the National Monotributo with the Simplified Gross Receipts Tax Regime of the Autonomous City of Buenos Aires. As a result, this jurisdiction joined the 21 provinces already participating in the integrated system.

With respect to the Social Monotributo, a subtype of the general Monotributo, a re-registration process was implemented to cleanse the registry and retain only those taxpayers meeting legal requirements. As a result, 60 percent of registered taxpayers were removed from the rolls.

Regarding taxpayer segmentation strategies, Brazil has stood out for its application aimed at improving tax system efficiency. The country currently operates the MEI (Individual Microentrepreneur), SIMPLES NACIONAL, and the Presumed Income Tax regimes.

During the current fiscal year, a new regime known as the Nanoentrepreneur was approved, applicable to individuals with annual income of up to BRL 40,500. In addition, micro and small exporting enterprises were granted a tax benefit allowing them to appropriate tax credits under Simples Nacional through the refund of residual tax credits via the Reintegra program.

Bolivia implemented a Simplified Tax System for entrepreneurs, consolidating VAT, the Transactions Tax, and Corporate Income Tax into a single monotributo as a transition to the general regime.

With respect to updates to existing regimes, notable cases include Chile's Simplified Taxation Regime, where new VAT compliance requirements were introduced for low-value remote sales through digital platforms, and Colombia's SIMPLE regime, which was regulated with measures including the elimination of advance payment obligations, the introduction of tax credit options, the establishment of non-curable requirements and grounds for exclusion, expanded audit powers, ex officio registration, and amendments to the list of eligible economic activities.

In Costa Rica, several amendments were made to the regulations governing the Simplified Taxation Regime, adjusting provisions applicable to merchants selling mobile phones, artisans and artists, the number of persons engaged in the activity, and establishing a new maximum annual purchase limit. The regulations also allow taxpayers to voluntarily adopt electronic invoicing and apply input tax credits for inventory goods when migrating to the general VAT regime.

A special social security contribution regime was also introduced for entrepreneurs, microenterprises, and small agricultural producers, under which:

- a)** reduced employer contributions apply to INS, IMAS, and FODESAF; and
- b)** the National Insurance Institute (INS) is authorized to grant a special rate of up to fifty percent (50%) on premiums for occupational risk insurance policies.

In Guatemala, the Small VAT Taxpayer Regime applies, under which the tax equals 5 percent of gross income. To encourage participation, the annual income threshold was increased to 125 minimum wages.

Additionally, two regimes were created for taxpayers with lower tax capacity: a Special Regime for the production and commercialization of agricultural products and handicrafts, applicable to farmers and artisans (excluding final sellers), with a rate of 1.5 percent on gross sales, except for exporters, who are taxed at 2 percent; and a Special Regime for the livestock, hydrobiological, and apiculture sectors. This simplified, optional regime—without income thresholds—applies a rate of 1.5 percent on gross sales to intermediaries, except for bovine products, which are taxed at 10 percent .

In Mexico, under the RESICO regime, partners and shareholders of credit unions exclusively engaged in agricultural, livestock, forestry, or fishing activities were allowed to opt into the regime.

As a simplification measure, individuals were exempted from filing annual income tax returns, with monthly payments deemed final.

For primary activities, small taxpayers engaged in agriculture, livestock, fishing, or forestry who exceed MXN 900,000 in exempt income are required to file monthly returns only on the excess amount.

Given the high level of informality among small enterprises, Paraguay enacted the MSMEs Law to formalize this sector of the economy. According to the Ministry of Economy, this sector comprises approximately 1.4 million small taxpayers, of which around 1 million operate informally.

To encourage participation, the new regime provides tax and fiscal benefits, exemptions, discounts, a special social security regime, an adapted labor regime, the creation of the FONAMIPYMES fund, access to financing, the establishment of the National MSMEs Registry, and business formalization measures, among other incentives.

## **2.3 Tax Administration**

### **2.3.1 Functional Organizational Structure**

Regarding the organization and functions of tax administrations, Costa Rica approved a new regulation governing organizational structure and functions, while in Cuba the National Tax Administration Office (ONAT) was established as a national entity reporting to the Council of Ministers, with the aim of enabling it to perform its functions with greater autonomy.

Following the creation of the National Directorate of Tax Revenue (DNIT) in Paraguay in 2023, the current fiscal year saw the formalization of the organizational structure of the General Directorate of Customs, as well as the merger of CONAJZAR (National Commission of Games of Chance), which is responsible for the collection of revenues from games of luck or chance.

Finally, in Venezuela's SENIAT, internal tax sectors and units were created, and the organizational structure and competencies of internal tax sectors and units attached to the Regional Management Offices were unified.

### **2.3.2 Management**

Among the most notable developments, Argentina began implementing IVA SIMPLE through a “pro forma” VAT return related to the monthly determination and filing of the tax. This system automates data loading through the VAT Portal and the VAT Ledger.

In addition, a Simplified Income Tax Regime was introduced for taxpayers subject to annual billing and net worth limits. Under this regime, the Tax Authority prepares a “pro forma” tax return, and upon acceptance by the taxpayer, legal certainty is granted. For the purposes of this determination, neither net worth discrepancies nor consumption levels as a final consumer are taken into account.

With respect to fiscal transparency, taxpayers are now required to display the VAT amount and internal taxes in transactions with final consumers.

Similarly, in Panama, for the purposes of consumer protection and the defense of competition, taxpayers were required to clearly display the cash price of goods or services, inclusive of all charges corresponding to national taxes and/or fees.

In Argentina, the statute of limitations for registered taxpayers was also reduced from five to three years, provided that tax returns were filed on time and that no significant discrepancies exist between the declared tax and the amount that should have been paid.

In Bolivia, the Auxiliary Banking Registration System was created, requiring the reporting to the National Tax Service (SIN) of transactions equal to or exceeding Bs 50,000, with the objective of improving fiscal traceability of large purchases and sales within the economy.

Brazil, through the CONFIA, SINFONIA, and OEA Programs, adopted a collaborative strategy in the relationship between the Tax Authority and taxpayers, moving away from the historically enforcement-focused approach that had previously defined its strategy.

Within the framework of compliance facilitation, Colombia’s National Directorate of Taxes and Customs (DIAN) announced the creation of a National Persuasion Center, an initiative aimed at supporting taxpayers with early-stage noncompliance in order to achieve voluntary compliance.

Regarding international agreements on tax cooperation, Chile signed the OECD Agreement on the Automatic Exchange of Information on Real Property, to which 25 countries are currently party, while Panama signed two Multilateral Agreements for the exchange of financial information for tax purposes: the CARF MCAA and the CRS MCAA Addendum.

Finally, Ecuador’s Internal Revenue Service (SRI) implemented an open tax data policy, allowing access to taxpayer registries, electronic and physical invoicing records, vehicle data, and sales and revenue reports, among others, as a measure to promote social oversight of tax compliance.

### 2.3.3 Electronic Invoicing

The region was a pioneer in the use of [electronic invoicing](#) as part of the modernization process of tax administrations. Over the past two decades, electronic invoicing (e-invoicing), an innovative solution developed in Latin America, has significantly transformed tax administrations worldwide.

Since its inception in Chile in 2003, followed by Brazil and Mexico, this digital transformation has substantially increased transparency and tax revenue while reducing economic informality in many countries<sup>5</sup>.

Evidence of this leadership is reflected in the fact that only in May 2025 did the [European Commission](#) adopt electronic invoicing for the Single Market, recognizing it as one of its key digital enablers.

This strategy is designed to strengthen and modernize the European Union's internal market by removing barriers, fostering innovation, and supporting the free movement of goods, services, capital, and people.

During the current fiscal period, Latin American countries continued to expand and deepen the use of electronic invoicing to optimize its benefits.

In Argentina, the invoicing scheme was modified and the procedure for requesting authorization to issue "Class A" invoices was modernized (three types of "A" invoices were created and the "M" invoice was eliminated). In Bolivia, electronic invoicing became mandatory for the final four groups of taxpayers, thus completing the mass implementation calendar.

In Brazil, with respect to the electronic invoice, new issuance obligations will apply starting in 2026, in light of the initial implementation of the tax reform (CBS and IBS). In Chile, new rules were established for the delivery of invoices in printed or digital format, and specific requirements were defined for the tax documents to be issued by influencers.

Costa Rica authorized the issuance of electronic purchase invoices for the acquisition of services or intangible goods from non-residents in import transactions. Additionally, version 4.4 of electronic tax documents entered into force, applicable to all electronic invoicing systems in the country through the TRIBU-CR System. In El Salvador, mandatory electronic invoicing was extended to all taxpayers.

Guatemala established the automatic suspension of VAT registration for taxpayers found not to have issued electronic invoices, while Mexico introduced changes aimed at strengthening invoice control and verifying the identity of issuers in order to prevent the issuance of fraudulent invoices.

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<sup>5</sup> Alberto Barreix, Mónica Schpallir Calijuri, Axel Radics and Marta Ruíz Arranz (2025), [Factura electrónica: la innovación latinoamericana de alcance global](#), Blog CIAT

Panama's DGI formalized restrictions on the use of the "Free Invoicing Tool," limiting its use as of January 1, 2026, to taxpayers with annual revenues of up to USD 36,000. Paraguay required newly registered legal entities in the RUC to issue electronic tax documents and designated medium and large taxpayers as mandatory electronic invoicers.

In the Dominican Republic, the implementation of electronic tax receipts was carried out in stages based on taxpayer size, concluding during the current fiscal year. The DGII also introduced a new technological tool—the "Anomaly Detector"—for electronic invoices. In addition, the General Directorate of Public Procurement (DGCP) and the DGII issued a joint circular requiring that all invoices arising from public procurement procedures be issued electronically as a condition for payment.

In Uruguay, the universalization of electronic invoicing for all VAT taxpayers was completed, with fiscal incentives applied for its implementation through December 31, 2025.

Finally, Venezuela mandated digital invoicing for online sales, including sales conducted through social networks and marketplace platforms.

### 2.3.4 Digital Platforms

Transactions carried out through digital or technological platforms, given their exponential growth, have become a focus of attention from both tax policy and tax enforcement perspectives, particularly as they have become essential channels for digital services and cross-border goods sales.

In this regard, Chile established the application of VAT under the Simplified Tax Regime to remote sales of goods located abroad, up to USD 500.

With respect to cross-border digital services, Costa Rica regulated VAT collection by registered foreign digital service providers, the withholding of VAT on international service purchases made via the internet or other digital platforms, and an information regime for transactions not subject to withholding.

In Colombia, for fiscal year 2025 and subsequent years, the content, technical characteristics, and deadlines were established for the information that platform operators must report regarding non-resident users.

Mexico applied a 100% VAT withholding for transactions involving deposits into foreign bank accounts related to the sale of goods, provision of services, or granting of temporary use or enjoyment of goods through national or foreign intermediary platforms. With respect to Income Tax, the withholding rate applicable to technological platform providers was set at 2.5%. Companies earning income through such platforms are subject to withholding at rates of 4% or 20% if no tax identification number (RFC) is provided.



Additionally, VAT withholding was imposed on companies selling goods or providing services through these platforms, and digital service providers were required to grant the SAT permanent, real-time, and online access to information necessary to verify proper tax compliance.

Regarding international digital service platforms, Peru extended the deadline for taxpayers to make the necessary adjustments to the electronic system until January 31, 2026.

Meanwhile, the Dominican Republic regulated the application of the Tax on the Transfer of Industrialized Goods and Services (ITBIS) to digital services provided by foreign suppliers and consumed domestically, through a phased approach based on taxpayer size; however, this measure was subsequently repealed.

Finally, Uruguay applied the standard VAT rate of 22% to purchases made through foreign digital platforms.

### **2.3.5 Tax Liabilities**

Ensuring the collection of tax liabilities is a sensitive issue for effective tax administration. To encourage compliance, the Dominican Republic published lists of tax debtors.

In recent years, tax administrations have segmented debtors in order to differentiate repeat offenders from general debtors, allowing for differentiated treatment in light of the scale and impact of their noncompliance.

To address this issue, Brazil created the legal concept of the “habitual tax debtor,” establishing a stricter regulatory framework and applying restrictive administrative measures to sanction and correct such conduct.

Similarly, Uruguay’s DGI implemented targeted audit plans to strengthen controls over prolonged noncompliance, particularly with respect to VAT.

Another key issue involves tax disputes between the Tax Authority and taxpayers, where the liability is not yet final or enforceable. These contentious proceedings often take considerable time, harming both parties due to uncertainty and high associated costs.

In this context, Brazil approved a Cooperative Dispute Resolution Regime, under which the Tax Authority must consider factors such as events reported by the taxpayer that may have affected payment capacity, economic history, the likelihood of recovering the tax credit, and improvements to the business environment.

In Cuba, the ONAT’s 2026 Planning Framework provided for the implementation of mechanisms to ensure payment of accumulated tax debts.

### 2.3.6 Tax Regularization

Resolving tax debt issues is of critical importance for the proper functioning of tax authorities. Various strategies may be employed, including:

- a)** enforced tax collection,
- b)** installment payment plans,
- c)** partial tax amnesties (waiving interest and penalties), or
- d)** full tax amnesties (full forgiveness).

The choice depends on factors such as tax culture, administrative capacity, debt magnitude, tax policy decisions, revenue urgency, and the need to mitigate systemic changes.

In Argentina, given the prevailing economic context, a new Payment Facilities Regime was implemented covering tax and social security debts for taxpayers undergoing insolvency or bankruptcy proceedings. Improvements were also introduced to existing permanent and exceptional payment plans to increase participation.

In Bolivia, following a change in government and the implementation of tax reform, an extraordinary regime for asset regularization and capital repatriation was enacted, aimed at expanding the formal asset base, strengthening liquidity, increasing reserves, and encouraging investment.

An extraordinary cleansing of the tax debt portfolio was also implemented, allowing the tax administration to declare, ex officio, the statute of limitations on interest and administrative penalties generated up to October 31, 2025.

Tax debt represents a significant challenge for Brazil's authorities, with collection entrusted to the Office of the Attorney General of the National Treasury, under the Ministry of Finance.

During the current fiscal year, four (4) payment facility regimes for tax liabilities were implemented, granting a 100% reduction of interest, penalties, and legal fees, with a deadline of January 30, 2026, namely: (1) a plan based on payment capacity; (2) a low-value debt plan; (3) a plan for hard-to-collect or uncollectible debts; and (4) settlement arrangements secured by insurance or a surety bond.

It also adopted measures with respect to payment facility plans, modernizing the procedure and enhancing functionalities related to the installment payment of tax liabilities.

Within the framework of the economic emergency, Colombia enacted two measures toward the end of the year: (a) Tax Relief and (b) Tax Normalization. Tax Relief entails the reduction of interest and penalties on overdue obligations, while the tax normalization regime provides for the regularization of omitted assets, nonexistent liabilities, or undervalued net worth through the payment of a special tax at a rate of 19%.

Ecuador's strategy focused on granting an Exceptional Payment Plan for withheld or collected taxes, with a term of up to 12 months.

In addition, a Debt Regularization Plan was implemented, subject to the condition that the outstanding principal be paid by December 31, 2025. This plan applies exclusively to taxes administered and collected by the Internal Revenue Service (SRI). It should be noted, however, that this measure was subsequently declared unconstitutional by a ruling of the Constitutional Court.

As in previous years, El Salvador enacted a partial tax amnesty, waiving interest and penalties in order to encourage the regularization of both tax and customs obligations.

With respect to Mexico, a 2025 Tax Regularization Program was implemented for individuals and legal entities with total income of up to 35 million pesos in the fiscal year subject to regularization. The program provides for a 100% reduction of penalties, surcharges, and enforcement costs, thereby facilitating the settlement of tax liabilities and promoting compliance and regularization among individuals as well as micro, small, and medium-sized enterprises.

The income threshold required to qualify for this program reflects a shift in Mexico's strategy regarding tax regularization schemes. In the past, such programs primarily benefited large taxpayers; accordingly, an income cap was established to exclude large taxpayers from eligibility.

Additionally, under the 2026 Federal Revenue Law, a tax incentive was granted with respect to penalties, surcharges, and enforcement costs related to omitted federal tax contributions for taxpayers with total income below 300 million pesos, provided that their tax assessments are final and uncontested and that the remaining statutory requirements are met.

In order to promote the repatriation of capital, Mexico also applies a temporary income tax of 15%, with no deductions allowed, to funds that return to the country, provided that such funds are invested and remain in the country for a minimum period of three years.

Finally, Peru approved an extension of the special installment regime for tax debts, exclusively with respect to the lump-sum payment option.

### 2.3.7 Tax Crimes and Infractions

In Argentina, the Tax Criminal Regime was amended to update the monetary thresholds of the objective condition for criminal liability, which had remained outdated since 2017 due to the high inflation experienced in the country. Under the reform, these thresholds—previously set as fixed amounts—will be indexed as of 2027 to the UVA index (Purchasing Power Unit).

The rules governing the extinguishment of criminal liability were also restructured, allowing it to occur through a one-time payment of the tax debt, either prior to the filing of a criminal complaint or thereafter, in the latter case subject to a 50% surcharge. In addition, new grounds were established under which a criminal complaint will not be filed. With respect to administrative offenses, the amounts of fines were significantly increased, as inflation had rendered them obsolete.

Meanwhile, in Brazil, measures were adopted to combat tax crimes, including the expansion of reporting obligations for payment institutions under the “e-Financeira” system.

Cuba restructured its tax infringement regime by providing that, in cases of payment noncompliance, fines will be imposed as a percentage of the amount due; late-payment surcharges will likewise be calculated as a percentage of the principal, based on the elapsed time; and failures to comply with formal obligations will be sanctioned through fixed-amount fines.

Cuba also expanded the grounds for imposing temporary and permanent closures of establishments so that such sanctions may be applied to failures to meet payment obligations, which previously were limited to breaches of formal duties. In addition, the National Tax Administration Office (ONAT) was granted authority to close establishments and revoke authorizations in cases of underreporting and tax evasion.

In Mexico, with respect to perpetrators of the crime of smuggling and activities related to false tax invoices, the application of mandatory preventive detention was authorized, meaning that offenders may be imprisoned without the need for a prior judicial hearing.

Finally, in Peru, it was established that, for microenterprises, the first offense committed will result in the replacement of the monetary penalty with a mandatory training course, as a strategy to encourage tax compliance.

## 2.4 Conclusion

As a final reflection, it may be noted that the tax legislation of the countries in the region has undergone a high degree of dynamism, giving rise to the longstanding debate between the benefits of stability and the need for continuous reforms of tax systems.

In some countries, priority was given to amendments to tax legislation; in others, to the modernization of tax administrations; while in still others, significant measures were adopted under both strategies.

At this juncture, it cannot be overlooked that the socioeconomic context of the countries in our region is dynamic, as are the tax instruments applied. Consequently, new forms of tax avoidance and evasion require innovative and as immediate a response as possible, both in regulatory terms and in the management of tax administrations.

Nor should it be disregarded that tax policy is an integral part of economic policy and, within that framework, the need to incentivize certain investments or economic activities requires the granting of tax benefits.

Likewise, it is necessary to analyze and limit the tax benefits granted in previous periods that have already fulfilled their purpose, in order to avoid an excessive increase in tax expenditures.

The formalization of taxpayers and the disclosure of their assets has become an essential requirement for economic development and, in this way, for achieving a sound tax system in which tax bases and the number of contributing taxpayers are expanded, so that each taxpayer pays a fair share of tax and thereby contributes to the financing of public expenditure.

Accordingly, viable strategies to achieve this objective include not only increased controls over these sectors and the application of sanctioning regimes, but also the implementation of special tax regimes designed to encourage compliance, as well as mechanisms for the regularization of hidden assets.

The accumulation of tax debt may have multiple causes; however, when it stems from national or regional economic crises, the particular circumstances of certain activities, or other reasonable situations, it requires the attention of the State in order to achieve its normalization.

At the same time, the existence of habitual or recurrent debtors, or unreliable taxpayers—namely, those whose business model is based on tax noncompliance—must be curtailed, as such behavior harms not only public revenues but also fair competition in the market.

All of this leads to the conclusion that the significant dynamism observed in Latin American countries, beyond theoretical debates, responds to a constant need to adapt their tax systems to new socioeconomic contexts and to modernize their tax administrations in order to address emerging forms of avoidance and evasion.

Therefore, the response of these countries to such challenges is encouraging, with the expectation that both their own experiences and those of other countries in the region may be mutually leveraged to achieve tax reforms and the strengthening of tax administrations as effectively as possible.

For all these reasons, this comparative study of tax system reforms and the strengthening of tax administrations aims to expand knowledge of such measures and to enable subsequent analysis of the feasibility of their application in accordance with the tax needs of each country.

The central issue is to apply, within reforms, those instruments that possess the most appropriate characteristics, in line with each socioeconomic and cultural context, in order to achieve the objectives pursued when they are designed.

Finally, it must not be forgotten that if a reform is technically poorly designed, it will not only fail to achieve its intended goals, but may unfortunately exacerbate the underlying situation that gave rise to it.

Lastly, it should be emphasized that there is a close relationship between tax policy and tax administration; therefore, synergy between the two is essential if the stated objectives are to be successfully achieved.



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